Specialty Chemicals

Hosted Solution Lowers Total Cost of Ownership and Enhances Productivity at Specialty Chemical Manufacturer

The specialty chemicals of this market-driven global manufacturer are essential ingredients in everything from transmission fluids to floor coatings to fabric care. When faced with necessary software upgrades, the company moved to a Vendavo-hosted solution, lowering IT costs by 20 percent and gaining access to the latest features and functionality.

INDUSTRY

> Specialty Chemicals

CHALLENGES

> Upgrade and transition from on premise solution to cloud model.
> Integrate with SAP to manage pricing for 60,000 SKUs.

SOLUTIONS

> Profit Analyzer™
> Price Manager™
> Deal Manager™

RESULTS

> Lowered total cost of ownership by an estimated 20 percent.
> Unlocked more business value by accessing new features and functionality.
> Enabled faster price changes with pricing workflow, approvals and impact modeling.

This maker of lubricant additives and specialty chemical formulations is large and generates consistent earnings. And its acquisition by another highly-successful conglomerate has enabled it to continue executing its growth strategy, which includes geographic expansion, product innovation, investment in infrastructure, and complementary acquisitions.

Throughout its own 90-year history, the company has built a strong portfolio of product lines. Between its two main business segments – Additives and Advanced Materials – there are now approximately 60,000 SKUs that need to be categorized and priced appropriately.

Since 2010, those products and their prices have been maintained with Vendavo solutions. The pricing process manager is responsible for keeping the system up and running for the 400-plus account managers who use it every week for pricing and deal management. He's been with the company for more than two decades and has worked with the Vendavo solution for the last seven years.

"Our business case for Vendavo is driven by our productivity gains in pricing administration, it's that simple," says the pricing process manager. "Setting prices, approving prices, and publishing them across a global organization is very important to us. That's why we invested in the first place and that's why we decided to continue our investment in the Vendavo hosted solution."

ACTION: Inspired by Better – Better Products, Pricing and Software

With some of its underlying database and application middleware growing too old to be supported by other companies, the company was also at a crossroads with Vendavo.

"It was a natural time to take a hard look at Vendavo and their tools, as well as other options in the marketplace," says the pricing process manager. "But in the end, Vendavo stood out so we decided to stay with them and invest again, but this time in their hosted solution."

The company had historically used Profit Analyzer™, Price Manager™, and Deal Manager™ in an on-premise configuration, leaving server maintenance, security and updates to the company's IT team.

CASE STUDY
Specialty Chemicals

A Winning Formula: Pricing Productivity, Consistency and Speed

1. WORKFLOW THAT WORKS
Vendavo pricing solutions give the specialty chemical company structure and a process for changing, approving, and publishing prices that optimize profit yields.

2. HIGH PERFORMANCE AND AVAILABILITY THROUGH CLOUD HOSTING
Vendavo hosting lowers total cost of ownership and automates upgrades and security patches.

3. SETTING PRICE TARGETS – AND HITTING THEM
Vendavo lets the company establish price and margin targets across the enterprise and then quickly spot anomalies that need margin adjustments for customer segments, cost structures and market conditions.

But off-site hosting for non-core solutions has become the standard best practice over the last five years among Fortune 5000 IT teams. Lower costs and higher reliability are big drivers in the era of cloud-based computing.

"When we analyzed it, Vendavo's hosted solution presented a significant cost reduction opportunity," says the pricing process manager. "We could save about 20 percent in hardware, software and labor costs by switching to a hosted model. Hosting also fits with our long-term technology strategy at the company."

But cost was not the only criteria for making the switch. It was also the trust and belief in the Vendavo team that this solution would perform as promised.

"Vendavo leaders told us what they were going to do, how the hosted solution would work for us, and they delivered as promised," says the pricing process manager. "When we don't have to support the software on our own systems, it allows us to focus on optimizing and using it to its fullest potential. We can work in the software, rather than on it."

OUTCOMES: Turnkey Application Hosting and Delivery Made Easy

The pricing process manager says Vendavo's SaaS model has enabled the company to focus on more strategic pricing and integration issues.

"Vendavo's bi-directional integration with SAP is essential for us since SAP manages most of our supply chain," says the pricing process manager. "Vendavo's expertise with SAP was a big selling point for us."

And the sheer speed of getting pricing proposed, changed and published is one of the most important benefits for the company. Commodity inputs fluctuate constantly, and market demands often move with consumer tastes and buying preferences.

"The ability to apply changes across the enterprise is a big benefit to us,", says the pricing process manager. "For example, we can put in a blanket 2 percent increase across segment and then look for anomalies by product, customer or deal type."

The transition to a hosted solution has gone well and the company stakeholders seem pleased.

"The preparation and planning by Vendavo was thorough, and the cutover went very smoothly," says the pricing process manager. "We feel like they know our business better and the relationship has been reinvigorated. The Vendavo hosted solution has been a great fit for us."